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FROM LOS DEL

E.O. 11652: GDS

TAGS: PLOS

SUBJECT: SECRETARY'S ROUND-TABLE DISCUSSION ON COMMITTEE II
MATTERS

1. ATTENDING THE SEPTEMBER 1 MULTILATERAL ON COMMITTEE I WERE REPRESENTATIVES FROM PERU, BRAZIL, MEXICO, TUNISIA, NIGERIA, GHANA, UK, SENEGAL, SRI LANKA, CAMEROON, NORWAY, ARGENTINA, CHILE, NETHERLANDS, JAMAICA AND INDIA. THE SECRETARY OPENED THE MEETING BY NOTING IMPORTANCE US ATTACHES TO CONFERENCE AND THE PARTICULAR NEGOTIATING PROBLEMS IN COMMITTEE I -- ACCESS, ARTICLE 9 AND MACHINERY QUESTIONS INVOLVING THE ASSEMBLY AND COUNCIL -- AND SUGGESTED DISCUSSIONS COMMENCE ON THE QUESTION OF ACCESS.

2. DESOTO (COMMITTEE I REP, PERU) MADE STATEMENT EMPHASIZING DEMANDS OF INDUSTRIALIZED COUNTRIES FOR AUTOMATIC ACCESS AS KEY DIFFICULTY WITH PARALLEL SYSTEM. COLLATERAL DIFFICULTY WITH PARALLELISM WAS FACT THAT ENTERPRISE WOULD NOT HAVE WHEREWITHAL TO TAKE ADVANTAGE OF OPPORTUNITY TO EXPLOIT EQUAL TO THAT GRANTED STATES AND PRIVATE ENTERPRISES. IN RESPONSE TO SECRETARY'S QUESTION, DESOTO INDICATED THAT PARALLEL SYSTEM THAT ENSURED ALMOST AUTOMATIC ACCESS AND GAVE AUTHORITY NO LATITUDE TO NEGOTIATE, AS CONTAINED IN REVISED SNT, WAS NOT ACCEPTABLE TO GROUP OF 77. GROUP OF 77 WANTED DISCRETION IN AUTHORITY BOTH TO
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DETERMINE IF DEFINED CRITERIA HAD BEEN MET AND TO

NEGOTIATE ON BASIS OF COMPETITIVE BIDDING. DESOTO INDICATED THAT MAKING ENTERPRISE FUNCTIONAL WOULD NOT ELIMINATE LDC INSISTENCE ON AUTHORITY'S RIGHT TO GET BEST FINANCIAL DEAL IT CAN THROUGH NEGOTIATION.

3. PINTO (COMMITTEE I REP, SRI LANKA) THEN EXPLAINED THAT ACCEPTABILITY OF PARALLEL SYSTEM IN PRINCIPLE HAD NOT BEEN DECIDED. PROPOSALS ON RESERVATION OF AREAS, AS WELL AS FINANCING ENTERPRISE, WERE HELPFUL BUT COULD NOT ALONE DECIDE ACCEPTABILITY OF PARALLEL SYSTEM. IN HIS VIEW, THE LDCS MIGHT ACCEPT PARALLEL SYSTEM WHERE STATE AND PRIVATE COMPANY ACCESS WAS REGULATED ON BASIS OF OBJECTIVE CRITERIA WITH SOME ROOM FOR AUTHORITY TO NEGOTIATE WITHIN DEFINED PARAMETERS. BUT AUTHORITY MUST HAVE COMPETENCE TO NEGOTIATE.

4. CISSE (HEAD OF DEL, SENEGAL) EXPLAINED THAT CHIEF DIFFICULTY AMONG AFRICAN DELS WITH PARALLEL SYSTEM WAS UNEQUAL POSITION OF ENTERPRISE AND SUGGESTED THAT IF WAY COULD BE FOUND TO PROVIDE FINANCING AND TECHNOLOGY TO ENTERPRISE, PARALLEL SYSTEM IN PRINCIPLE MIGHT BE SALEABLE. THE SECRETARY THEN INTERVENED TO ELABORATE US POSITIONS RELEVANT TO THIS POINT: (A) TO SOME IN US, LDCS WERE ASKING US TO GIVE MONEY AND TECHNOLOGY TO ENTERPRISE, WHICH WOULD BE OUR COMPETITOR, THEN TURN OVER MINE SITES TO THE ENTERPRISE AND THEN SUBJECT ACCESS, WHICH WE BELIEVE WE ALREADY HAVE, TO TOTAL DISCRETION OF AUTHORITY; (B) US COULD HONESTLY NOT GIVE UP PARALLEL SYSTEM; UNLIKELY CHANGE IN ADMINISTRATION WOULD NOT INCREASE OUR FLEXIBILITY ON THIS POINT; (C) COMPLETE DEADLOCK AT END OF THIS SESSION WOULD TEND TO ENCOURAGE UNILATERAL ACTION, NOT MORE CONCESSIONS, FROM US; (D) ACCESS FOR STATES AND PRIVATE ENTERPRISE MUST BE SUBSTANTIALLY AUTOMATIC; (E) US WOULD BE PREPARED TO WORK OUT METHOD OF FINANCING ENTERPRISE TO ENSURE THAT IT CAN ENGAGE IN MINING PRACTICALLY CONCURRENT WITH PRIVATE OPERATIONS; WHILE US HAD NO SPECIFIC PROPOSALS, THE SECRETARY ASSURED DELS THAT NEGOTIATIONS WOULD NOT FOUNDER ON DETAILS OF MAKING ENTERPRISE FUNCTIONAL; (F) US WAS ALSO PREPARED TO DISCUSS TRANSFER OF TECHNOLOGY TO ENTERPRISE; (G) AND US COULD

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ACCEPT CONCEPT OF PERIODIC REVIEWS OF PROVISIONS ON SYSTEM OF EXPLOITATION IN PART I OF TREATY, THE FIRST TO OCCUR AFTER PERHAPS 25 YEARS.

5. SECRETARY'S STATEMENT WAS FOLLOWED BY REMARKS OF BOATEN (COMMITTEE I REP, GHANA), IBEKWE (ATTORNEY-GENERAL, NIGERIA) AND ENGO (CHAIRMAN OF COMMITTEE I, CAMEROON). COMMENTS OF BOATEN AND ENGO WERE LARGELY

UNFOCUSSED AND GENERAL, NOT SPECIFICALLY ADDRESSED TO PROPOSALS OF THE SECRETARY. IBEKWE'S REMARKS, HOWEVER, POINTEDLY CONTAINED COUNTER-PROPOSAL TO EFFECT THAT PARALLEL SYSTEM CONCEPT BE DISCARDED AND NEGOTIATION COMMENCE ON SINGLE SYSTEM OF JOINT VENTURES. NIGERIAN REP'S PROPOSAL STRESSED THAT EXTENT OF AUTHORITY'S PARTICIPATION IN JOINT VENTURE WAS NOT CRITICAL SINCE ANY EFFECTIVE SYSTEM WOULD HAVE TO GIVE MAJORITY CONTROL TO PRIVATE OPERATOR (HE SUGGESTED 49 PERCENT PARTICIPATION BY AUTHORITY). THE SECRETARY INDICATED THAT THIS CONCEPT WAS NEW AND THAT HE WOULD LIKE TO THINK ABOUT IT CAREFULLY.

6. VINDENES (COMMITTEE I REP, NORWAY) NOTED THAT DIFFERENCES BETWEEN AUTOMATIC ACCESS AS PROPOSED BY INDUSTRIALIZED COUNTRIES AND NEGOTIATED ACCESS AS PROPOSED BY LCDS WERE NOT SO GREAT AS APPEARED. NEGOTIATED ACCESS PROPOSALS OF LCDS STILL PROVIDED THAT AUTHORITY'S DISCRETION WOULD BE LIMITED BY TREATY AND RULES AND REGULATIONS. AUTOMATIC ACCESS PROPOSALS NECESSARILY GRANT AUTHORITY CONSIDERABLE DISCRETION IN APPLYING REGULATIONS TO INDIVIDUAL CASES. VINDENES THEN SUGGESTED THAT ONE WAY TO ACCOMMODATE BOTH SIDES MIGHT BE TO LEAVE CONSIDERABLE DISCRETION TO AUTHORITY IN TREATY PROVISIONS ON TERMS OF ACCESS BUT SIMULTANEOUSLY TO REQUIRE THAT AUTHORITY EXERCISE ITS DISCRETION IN THE RULE-MAKING PROCESS. ONCE RULES WERE ADOPTED, THE AUTHORITY'S DISCRETION IN GRANTING ACCESS WOULD BE STRICTLY LIMITED BY THOSE RULES AND REGULATIONS. THE SECRETARY INDICATED THAT US WOULD BE PREPARED TO EXPLORE WHETHER NORWEGIAN APPROACH COULD LEAD TO RESOLUTION OF ACCESS SYSTEM.

7. IN RESPONSE TO PERUVIAN EXPRESSION OF INTEREST IN
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WHAT US HAD IN MIND ON COUNCIL, THE SECRETARY INDICATED THAT US HAD NEW PROPOSAL ON COUNCIL VOTING WHICH WE WOULD LIKE TO CIRCULATE TO DELS PRESENT IN NEXT FEW DAYS AND RECEIVE THEIR COMMENTS BEFORE MOVING TO INTRODUCE DRAFT ARTICLE FORMALLY. THE SECRETARY THEN SUMMARIZED REMARKS HE HAD MADE EARLIER AND ASKED EVERY DEL PRESENT TO REVIEW THE SITUATION IN LIGHT OF HIS PROPOSALS TO SEE WHETHER COMMITTEE I COULD CONCLUDE THIS SESSION WITH SOME BASIC UNDERSTANDING ON PRINCIPLE OF PARALLEL EXPLOITATION SYSTEM.

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